

Inactive Funds Policy

Approved March 6, 2011

An inactive fund will be defined as any fund which has no gift or grant activity for three full consecutive fiscal years. If a fund is determined to be inactive the Foundation will enact the appropriate action as defined below.

Approved Inactive Funds

The Trustees of the Foundation may approve an extension of time for an inactive fund if the authorized fund representative makes a request in writing and documents a long-term charitable plan requiring accumulation of funds, but with a gap in their ability to add to the fund for three years. These plans must be re-evaluated and re-approved by the Trustees of the Foundation no less frequently than every three years with annual check-ins with staff preferred.

Inactive Acorn Funds

It is not economical for the Community Foundation to maintain separately identified funds with a long-term balance less than \$10,000 (less than \$25,000 for Scholarship Funds not subject to grandfathered policy). However, donors may build up the balance incrementally with plans to reach the minimum in 3 years. Such funds will be accepted from donors/groups with clear written plans of how to achieve the minimum within the time specified and these donors/groups will check-in with the Foundation annually. If the minimum is not reached within 3 years and no extension is approved by the Trustees of the Foundation, the donor/group may recommend which other named fund receives the balance of their fund. If the Foundation makes at least two attempts in writing to reach the donor/group representative, with no response to the last attempt for 90 days, the staff will recommend to the Trustees of the Foundation an appropriate course of action for approval. The Trustees of the Foundation will make the final decision and approve any transfer using their variance power as specified in the fund agreement letter.

Unrestricted Funds:

Funds utilizing the Foundation's Distribution Committee that have a sustainable balance (currently defined as \$10,000 or more) and become inactive shall have reached the threshold of "incapable of fulfillment". Staff responsible for managing the discretionary grants program will evaluate the restrictions on the fund and recommend the changes to the fund agreement to the Trustees of the Foundation. Living donors, or their next of kin, may be consulted for donor relations reasons but the ultimate decision is to be made by the Trustees.

Where a fund utilizing the Foundation's Distribution Committee is inactive due to an unsustainable balance (currently defined as under \$10,000), the donor or donor's next of kin will be sought out and offered the opportunity to add to the balance to reach the sustainable threshold. If the minimum is not reached and no extension is approved by the Trustees of the Foundation, the donor/group may recommend which other named fund receives the balance of the fund. If the Foundation makes at least two attempts in writing to reach the donor/group representative, with no response to the last

attempt for 90 days, the staff will recommend to the Trustees of the Foundation an appropriate course of action for approval. The Trustees of the Foundation will make the final decision and approve any transfer using their variance power as specified in the fund agreement letter.

Donor Designated

A donor designated fund with a sustainable balance (currently defined as \$10,000 or more) should never become inactive. Where a named charity ceases to exist, its share of the distribution will either be: split amongst the remaining charities, allocated to a charity which most closely matches the donor's original intent, or will use the Distribution Committee to support projects that match the donor's original intent. Which tactic is used should be defined in the fund letter. If not defined in the fund letter and a living donor or next of kin is available, they will be consulted for their preference for donor relations reasons. With no living donor or next of kin, the staff will recommend a course of action to the Trustees. The Trustees of the Foundation will make the final decision using their variance power as specified in the fund agreement letter.

Where a donor designated fund is inactive due to an unsustainable balance (currently defined as under \$10,000), the donor or donor's next of kin will be sought out and offered the opportunity to add to the balance to reach the sustainable threshold. If the minimum is not reached and no extension is approved by the Trustees of the Foundation, the donor may recommend which other named fund receives the balance of the fund. If the Foundation makes at least two attempts in writing to reach the donor, with no response to the last attempt for 90 days, the staff will recommend to the

Trustees of the Foundation an appropriate course of action for approval. The Trustees of the Foundation will make the final decision and approve any transfer using their variance power as specified in the fund agreement letter.

Education

Scholarship funds that have a sustainable balance (currently defined as \$25,000 or more, \$10,000 or more for grandfathered funds) and become inactive shall have reached the threshold of "incapable of fulfillment". Staff responsible for managing the education program will evaluate the restrictions on the fund and recommend the changes to the fund's awarding criteria to the Foundation's Trustees. Living donors, or their next of kin, may be consulted for donor relations reasons but the ultimate decision is to be made by the Trustees.

Where a scholarship fund is inactive due to an unsustainable balance (currently defined as under \$25,000, under \$10,000 for grandfathered funds), the donor or donor's next of kin will be sought out and offered the opportunity to add to the balance to reach the sustainable threshold. If the minimum is not reached and no extension is approved by the Trustees of the Foundation, the donor/group may recommend which other named fund receives the balance of the fund. If the Foundation makes at least two attempts in writing to reach the donor/group representative, with no response to the last attempt for 90 days, the staff will recommend to the Trustees of the Foundation an appropriate course of action for approval. The Trustees of the Foundation will make the final decision and approve any transfer using their variance power as specified in the fund agreement letter.

Field of Interest

Field of Interest funds support a particular field of interest and are operated either as donor advised funds or funds which use the Foundation's Distribution Committee. Please see the policies in place for the appropriate fund type above.

Agency Funds

Inactivity with agency advised and agency designated funds is somewhat less of a concern as the integrity of the charitable tax deduction does not apply. However the Foundation will seek to ensure that we are keeping the lines of communication open with our agency fundholders. Distributions may be suspended from either fund type with written communication with the agency representative. The Foundation will re-confirm this intention no less frequently than every three years with annual check-ins preferred by staff. Check-ins will be mandatory with a change in leadership (new board president or new executive director as appropriate).

Donor Advised Funds (non-Scholarship)

A donor advised fund with a sustainable balance (currently defined as \$10,000 or more) that becomes inactive will trigger the Foundation to make at least two attempts in writing to contact the fund's advisor to discuss their intention for the fund. If, after a period of 90 days following the last attempted contact, the inactivity continues unapproved, the Foundation will determine that the advisor is "unwilling to serve as advisor" to the fund. At such a time the fund will be converted as defined in the fund letter. If a fund is missing instructions for its use when the donor becomes unable or unwilling to serve, the fund will become permanently endowed with annual distributions to be made to charities selected by the Community Foundation's Distribution Committee.

Where a donor advised fund is inactive due to an unsustainable balance (currently defined as under \$10,000), the advisor will be sought out and offered the opportunity to add to the balance to reach the sustainable threshold. If the advisor is not interested in adding to the fund, the advisor may recommend the balance out to one or more name charities or to another named fund at the Foundation. If the Foundation makes at least two attempts in writing to reach the advisor, with no response to the last attempt for 90 days, the staff will recommend to the Trustees of the Foundation an appropriate course of action for approval. The Trustees of the Foundation will make the final decision and approve any transfer using their variance power as specified in the fund agreement letter.